

January - March
2004



WASHINGTON STATE
GAMBLING COMMISSION

Focus n Gambling

Licenses Must Report Criminal Charges

By: Allen Esparza, Special Agent, Financial Investigations Unit

Licenses are required to notify the Commission within fourteen days of any criminal charges being filed against them. The notification must include a complete copy of the original documents filed.

The applicable rule is WAC 230-12-310(1), which reads in part "Each licensee shall report to the commission within fourteen days, all criminal actions filed against the licensee, or ... person holding a substantial interest in the licensed gambling activity."

We have filed administrative charges against several licenses for not notifying us about their criminal charges. It is important to note that the rule makes no distinction as to the severity of the criminal charges (misdemeanor or felony). However, some charges are considered to be more serious than others. Those criminal charges include:

- Forgery
- Larceny
- Extortion
- Fraud
- Failure to make court-ordered payments
- Bribery
- Any crime involving physical harm or moral turpitude

This rule applies to all licenses or any non-licensed individual who has a substantial interest in the licensed gambling establishment. This includes, but is not limited to owners, corporate officers, partners, financiers, and stockholders.

Licenses must also notify the Commission of the final disposition of the case, including copies of the final documents filed and all settlement agreements. These documents must be submitted with the next quarterly activity report filed with the Commission. Organizations that aren't required to submit quarterly activity reports must send the disposition documents to the Commission within thirty days after the final disposition has been entered by the court.

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Signing Your Renewal Application

By: Laura Fricke, Gambling License Technician

Please help us so that we can help you in renewing your gambling license in a timely manner. Delays in issuing your license can be avoided by making sure your renewal application is complete and signed by the correct person. The number one reason for delays in sending out a gambling license is the wrong person signed the application or there is no signature.

An application is sent with all annual license renewal notices. The application must be filled out completely, correctly signed, and returned with the exact renewal fee. Many times applications are sent in with incorrect signatures or information is missing.

Who must sign renewal applications:

Nonprofit Gambling License: The highest elected official is required to sign all applications for nonprofit organizations. This would be the president or equivalent, i.e., exalted ruler, governor, commander, etc. The executive director or chairman is not the correct person to sign, unless they are considered the highest ranking elected officer.

Commercial License: The president or chief executive officer of a corporation, the owner (or their spouse) of a sole proprietorship, any partner in a partnership, and any manager of an LLC must sign applications submitted by for-profit businesses.

Individual License (card room employees, managers, representatives): Two signatures must be on an individual's gambling application; both the employee and their employer must sign. The type of business you work at will determine who at your place of employment will provide the second signature. See authorized persons outlined in **Nonprofit** and **Commercial** above to determine who at your place of employment must also sign your application. Your employer may authorize another person to sign in their place by submitting an Authorized Signature Form to the Commission.

If the signature is missing or the wrong person signs the application, an Oath of Application for the correct individual to sign will be sent to you. This causes delays in processing your application and getting a license to you. We will not issue a license until the application is signed by the correct individual and all information is complete.

If the proper person is not available to sign the application at the time of renewal, you will need to contact us for arrangements or you can submit a Power of Attorney giving authority for another individual to sign.

Do you have a question about renewing your license?

If you are a business, please call Laura Fricke, License Technician, at (800) 345-2529, ext. 3522, or e-mail lauraf@wsgc.wa.gov

If you hold an individual license, please call Kim Nary, License Technician, at (800) 345-2529, ext. 3547, or e-mail kimn@wsgc.wa.gov

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Agent in Charge Greg Thomas

Southwest Region:

Agent in Charge John Brinsmead

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Gambling Tax Report

Changes in gambling in Washington have raised many questions, including ones about gambling taxes. Because of this, the Commissioners asked staff to prepare a report focusing on the topics below.

This report has been completed and was presented to the Commissioners at the March meeting. The Gambling Tax Report is posted on our website www.wsgc.wa.gov. The link is on the upper right of the center blue box. If you do not have access to our website, we have a limited number of copies available. If you need a copy or have questions about the report, you may contact Amy Blume at (360) 486-3463 or Kathy Mills at (360) 486-3473.

- 1) History of the taxing structure for gambling in Washington State, including what the tax revenue was intended for and court cases interpreting the tax provisions;
- 2) Timeline of significant events related to gambling taxes and the changes in gambling revenue and the number of licensees;
- 3) Comparison of commercial card rooms in 1973 and today;
- 4) Survey of 8 states similar to Washington in population and/or in the gambling activities they allow, including information about gross receipts for the gambling activities, tax rates, to whom taxes are paid (usually state or local governments), how taxes are used, whether charitable/non-profit organizations pay taxes, license fees or other assessments paid, and betting limits;
- 5) State and local B&O taxes;
- 6) Changes in market shares for net receipts and taxes paid for charitable/non-profit and commercial organizations;
- 7) Range of gambling tax rates in local jurisdictions; and
- 8) Percent of cities' revenues from gambling taxes.



New Amusement Games Notice to Operators and Distributors

By: Tony Hughes, Gambling Device Coordinator

Recently, some amusement games were brought into the state which did not comply with Washington laws and rules. Please remember, WAC 230-20-508(5) allows operators to introduce new games in the state without written approval from the Commission, if the device meets the standards listed in this rule. **However, at least 60 days before the new game is put out for play, the operator must give the Commission a written description of the game, rules of play, and justification for how the machine fits the classification set forth in the rule.** If the device does not meet the standards in the rule, Commission staff will not allow the game to be put out for play.

The information must be sent to Tony Hughes, Gambling Device Coordinator, 4301 South Pine Street, Tacoma, Washington 98409, or e-mail tonyh@wsgc.wa.gov. You can also reach him at (253) 471-5312, ext. 234. Agent Hughes is also your contact for other questions or concerns about gambling equipment.

GAMBLING RULES UPDATE

Adopted Rule Changes

Attached on pages 13 - 15

Remove these rules and insert them in your Rules Manual.

Financial Statements for House-Banked Card Rooms

230-40-823

Effective April 1, 2004. House-banked card rooms with gross receipts over 3 million must submit audited financial statements, and those with 1 to 3 million must submit reviewed financial statements.

In response to input from card room operators, the Commission will require only compiled financial statements from operators with less than 1 million in gross receipts.

Card Room Betting Limits Increased

230-40-120

Effective July 1, 2004. The Recreational Gaming Association petitioned the Commission to increase card room betting limits from \$100 to \$300. After discussion at five Commission meetings, an increase was allowed on a limited basis. Betting limits will be increased to \$200, based on the number of tables authorized in a card room:

- *Five or fewer tables could have one table at the higher limit;
- *Six to ten tables could have two tables at the higher limit;
- *Eleven to fifteen tables could have three tables at the higher limit.

Bingo Operators

230-20-059

Effective July 1, 2004. The adjusted cash flow measurement period for bingo operators will change from once a quarter, to once a year. A 25% reduction to required adjusted cash flow will now be available to licensees once every four years, if they maintain a positive cash flow. This will be effective beginning with calendar year 2003.

Up for Adoption at the April 9, 2004, Commission Meeting

Multiple Locations for Bingo

Repeal 230-04-192 and 230-04-196

Repealing this rule would allow bingo operators to hold more than one license (operate at more than one location) within the county they are principally located. WAC 239-04-196 allows Class A and B bingo licensees to operate games at up to three locations, under one license. At this time, we are not aware of any bingo games operating under this rule. For consistency, staff recommends repealing this rule, which means all licensees would need a separate license for each location they operate at.



Rules Removed from Discussion

Minimum Bankroll

230-40-833

Due to technical issues in the worksheet, the Commission did not adopt this rule and removed it from discussion at the February 2004 meeting. It may be re-filed at a later date.

Petition for Rule Change

230-30-072

Valerie Storkson requested an amendment to pull-tab inventory requirements. Ms. Storkson is now successfully using an alternative recordkeeping method suggested by staff; therefore, at the February meeting, the Commission removed the Petition from discussion.

Proposed Rule Changes Filed in March and Discussed at the April Commission Meeting

Submit your comments on proposed rule changes in writing to:
Susan Arland, Rules Coordinator, P.O. Box 42400, Olympia,
WA 98504, or e-mail Susana@wsgc.wa.gov

Promotions

230-12-045

This rule sets requirements for licensees that offer promotions in conjunction with a gambling activity. For example, customers may clip a “Match Play” coupon out of the newspaper and take it to a card room to use at a blackjack table. Rules for promotions related to gambling activities are in place to ensure the integrity of the activity, which is tied to a gambling activity. The rule has been difficult for both licensees and staff to interpret. This amendment is not intended to change current requirements; rather, the changes are meant to clarify current requirements and make the rule easier to use.

Petition for Rule Change Electronic Facsimiles of Cards

230-40-070

Currently, this rule allows electronic facsimiles of cards to be used in house-banked card games. The Petitioner, DigiDeal, Corporation, is requesting an amendment to allow electronic facsimiles of cards to be used for all card games, not just house-banked card games (for example, poker games). Whether to allow this or not is a policy decision for the Commission. If the Commission chooses to allow electronic facsimiles of cards for all card games, staff believes regulatory oversight should be at a higher level than games played with traditional cards. Therefore, staff recommends they only be allowed for house-banked card room licensees, which have surveillance and other important internal controls.



Proposed Rule Changes Up for Filing at the April Commission Meeting

Logo Cards

230-40-070

Currently, Class E with over 5 tables, Class F and house-banked card room licensees must use logo cards. It has become difficult for some Class E and Class F licensees to obtain logo cards and they have requested the ability to not use logo cards. Staff does not have regulatory concerns with Class E and Class F licensees using non-logo cards if they do not offer player-supported jackpots. Rule change requires only house-banked card games and games with player-supported jackpots to use logo cards. This change will affect approximately 6 licensees.

Petition for Rule Change Event Pull-Tabs / Carry-Over Jackpots

230-30-033

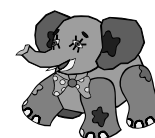
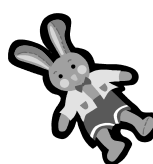
Bonanza Press, a licensed pull-tab manufacturer, has submitted a Petition for Rule Change requesting the ability of offer carry-over jackpots in event pull-tab series. Currently, carry-over jackpots are not allowed for these games. At this time, staff does not have regulatory concerns allowing carry-over jackpots to be used with event pull-tab series.

Proposed Rule Change Discussed at the April Study Session

Merchandise Prizes

230-12-330 and 230-12-340

Proposed change to remove punch board/pull-tab merchandise prizes from Commission credit and discriminatory pricing restrictions.



Administrative Case Update

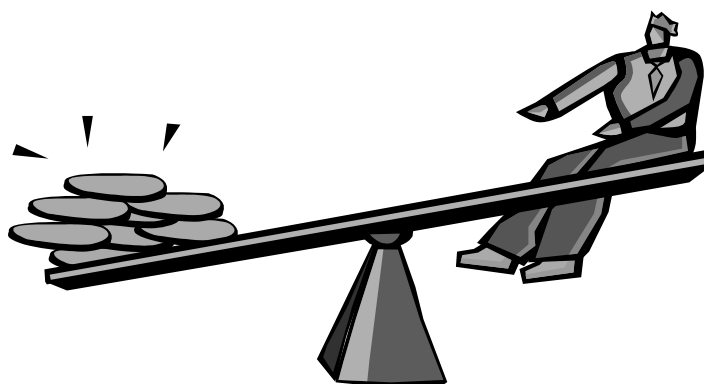
By: Robin Brown, Paralegal, Communications and Legal Division

Name	Violation	Case Outcome
Banks Lake Pub, Electric City	Failure to disclose change in ownership.	The licensee agreed to a ten-day suspension. Three days were deferred for one year. The remaining seven days were vacated by payment of a \$721 fine, and reimbursement of the Commission's costs of \$3,825.
Bonanza Press, Inc., Woodinville	Failure to disclose loans, change in corporate officers, and change in stock ownership.	The licensee agreed to a ten-day suspension. Three days were deferred for one year. The remaining seven days were vacated by payment of a \$7,010 fine, and reimbursement of the Commission's costs of \$1,200.
Lancer Lanes/Bridge Street Connection Sports Bar, Clarkston	Failure to disclose loans.	The licensee agreed to a three-day suspension. One day was deferred for one year. The remaining two days were vacated by payment of a \$3,893 fine, and reimbursement of the Commission's costs of \$1,012.
Big Brothers/Sisters of King/Pierce Counties, Seattle	Failure to provide conclusive evidence that its gambling proceeds were used solely to advance the purposes of the organizations, and failure to maintain adequate management and internal controls to minimize risk and safeguard assets.	The licensee agreed to a fifteen-day suspension. Five days were deferred for one year. The remaining ten days were vacated by payment of a \$3,920 fine. The licensee also agreed to pay the costs of a follow-up inspection.
Drift On Inn Roadhouse/Casino, Shoreline	Extension of credit and acceptance of NSF checks.	The licensee agreed to a five-day suspension. Three days were deferred for one year. The remaining two days were vacated by payment of a \$17,305 fine, and reimbursement of the Commission's costs of \$6,075.
Game Neighborhood Grill & Bar, Kirkland	Submission of inaccurate Quarterly Activity Reports	The licensee agreed to an eight-day suspension. Three days were deferred for one year. The remaining five days were vacated by payment of a \$185 fine, and reimbursement of the Commission's costs of \$1,762.
Michels Development, LLC, Seatac	Failure to follow internal control procedures when providing management services to Goldies Shoreline Casino, resulting in missing funds.	The licensee agreed to a thirty-day suspension. Fifteen days were deferred for one year. The remaining fifteen days were vacated by payment of a \$7,375 fine, and reimbursement of the Commission's costs of \$42,625.
Matt Dorris, Card Room Employee (CRE), Golden Nugget Casino, Tukwila; Manufacturer's Representative, formerly employed by Vending Data, Las Vegas, Nevada	Providing gambling equipment to an unlicensed dealer's school.	The licensee agreed to surrender his Manufacturer's Representative license, and agreed to a five-day suspension of his CRE license from December 15 through December 20, 2003.

Administrative Case Update

By: Robin Brown, Paralegal, Communications and Legal Division

Name	Violation	Case Outcome
Scott Fjerstad, CRE, Drift On Inn Roadhouse/Casino, Shoreline	Extension of credit, and acceptance of NSF checks.	The licensee agreed to a seven-day suspension. Two days were deferred for one year. The remaining three days were served from December 28, 2003, through January 3, 2004.
Maly Soeun Sochetra, Class III Employee, formerly employed at Red Wind Casino, Olympia	Cheating	The licensee agreed to surrender her license for eighteen months.
Ashlee Green, CRE, Cadillac Ranch Casino, Longview	Alleged theft	The licensee agreed to a seven-day suspension which was served from December 1, through December 7, 2003.
Sana Sroeuy, Class III employee, formerly employed at Muckleshoot Casino, Auburn	Theft, fraud, and failure to disclose necessary information.	The licensee agreed to a six-month suspension, which began on January 1, 2004, and runs through June 30, 2004. The licensee also agreed not to hold a management or supervisory position at any casino between January 1 and December 31, 2004.
David Phair, CRE, formerly employed at B&B Pub & Grub, Sumas	Criminal history and willful disregard for complying with court orders.	A hearing was held. The Administrative Law Judge (ALJ) ordered the license revoked.

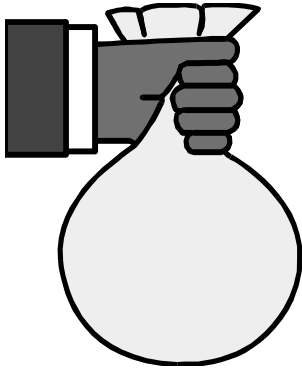


We're on the Web at www.wsgc.wa.gov

LATE QUARTERLY ACTIVITY REPORTS

Charges were issued to the following licensees due to their failure to timely submit their third quarter 2003 activity reports and their past histories of not timely submitting their reports. However, after the charges were issued, staff discovered that although the reports were not received until after the due date of October 30, 2003, it was possible that the reports were postmarked on that date. Therefore, the charges were dismissed.

<u>Licensee Name</u>	<u>Location</u>
Back Alley Sports Bar & Grill	Vancouver
Blue Cougar	Curlew
Corner Inn/Restaurant & Lounge	Seattle
Forshee's Last Resort	Tumtum
Lolli's Broiler & Pub	Federal Way
Michael's	Moses Lake
Nick's Deception Pass	Oak Harbor
Star Tavern	Chehalis
Susie's Saloon	Yakima
Whistling Post Tavern	Skykomish
Wild Winds	Stevenson



FINES PAID FOR LATE QUARTERLY ACTIVITY REPORTS

The following licensees did not send in their third quarter 2003 activity reports on time. They have now sent in their reports, along with a \$300 fine.

<u>Licensee Name</u>	<u>Location</u>
Bella Ninas Ristorante	Tacoma
Classic Casino & Bistro	Chehalis
Empire	Kenmore
Log House Inn/Rest & Lounge	Marblemount
Lumpys Bar & Grill	Centralia
O'Finnigans	Everett

Administrative Charges Issued for Late Quarterly Activity Reports

Administrative Charges were issued against the following licensees for failing to submit their Quarterly Activity Reports when due.

LICENSEE	VIOLATION	CASE OUTCOME
Bergie's Bar & Grill, Renton	Failure to timely submit Quarterly Activity Report (QAR) for the 2 nd quarter of 2003.	The licensee agreed to a fifteen-day suspension. Five days were deferred for two years. The remaining ten days were vacated by payment of a \$750 fine, and reimbursement of the Commission's costs of \$300.
Palace of China Restaurant, Seattle	Failure to timely submit QAR for the 3 rd quarter of 2003. (second violation)	The licensee agreed to a twenty-day suspension. Eight days were deferred for two years. The remaining twelve days were vacated by payment of a \$1,000 fine and reimbursement of the Commission's costs of \$300.
Sea Galley, Kennewick	Failure to timely submit QARs for the 2 nd and 3 rd quarters of 2003.	The licensee agreed to a twenty-day suspension. Eight days were deferred for two years. The remaining twelve days were vacated by payment of a \$1,000 fine and reimbursement of the Commission's costs of \$300.

WSCP

JANUARY 2004

The Washington State Council on Problem Gambling

NEWS BRIEF

NEW PRESIDENT TAKES THE WSCP HELM

The WSCP Board of Directors recently elected a new President, Richard Lobel. Richard first joined the Board in November, 2000. Welcome to the helm, Richard.

Richard replaces Frank Miller, who resigned as President because of time commitments. Frank continues to help the WSCP as a Board Member.

CONTRIBUTIONS TO THE WSCP — WHERE DO THEY GO?

Contributions to the WSCP are used for Public Awareness, Youth Awareness, Educating Treatment Providers, and Helpline Services. The WSCP is proud of the fact that its administrative costs are low; usually 8% to 10% of its annual budget, never over 12%. When you contribute to the WSCP, your donation directly supports our work in addressing Problem Gambling.

We would like to thank the following contributor's for their financial support in 2003. The contributors are listed in descending order of contribution amounts received:

- The Muckleshoot Indian Tribe
- Swinomish Indian Tribe and Northern Lights Casino
- The Recreational Gaming Association
- Kalispel Indian Tribe and Northern Quest Casino
- Jimmy Jacks, Inc.
- Cleopatra's Cable Bridge Casino
- The Upper Skagit Indian Tribe
- The Lummi Indian Tribe and Silver Reef Casino
- New Phoenix & Last Frontier Casinos
- Community Foundation of Southwest Washington
- Kegler's Casino
- Lake Bowl, Inc.
- AAA Bowls Unlimited
- Cindy Reed
- Blue Mountain Casino
- Drift on Inn Roadhouse Casino
- Compulsive Gambling Foundation, Inc.

Thank you for your contribution and support of the Council and its activities.

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WSCP

P.O. Box 55272
Seattle, WA 98155-0272
206-546-6133
1-800-547-6133
www.wscpg.org

Mission Statement

The Washington State Council on Problem Gambling is dedicated to increasing public awareness of the condition of problem gambling and increasing the availability of services for problem gamblers and their families. The Council is neither for nor against gambling.

EVALUATION PROVES PROBLEM GAMBLING TREATMENT PROGRAM A GREAT SUCCESS - SO WHY WAS IT CUT?

Professional evaluation of the one-year Problem Gambling Treatment Program, which was administered by the WSCPG and funded through the Lottery, proves the program a great success. Two-thirds of the clients showed significant improvements; one-third abstained from gambling and another third greatly reduced their gambling. Clients reduced their financial problems, illegal behavior, and conflicts.

In spite of this remarkable success, the Legislature failed to reauthorize the program because of the State's budget problems. This will prove penny wise and pound foolish. A Congressional study found that each Pathological Gambler costs society – you, the taxpayer – over \$10,000 from bankruptcies, family dislocation, welfare, unemployment, criminal activity, and other costs. The Gamblers in the problem Gambling Treatment Program were treated for less than \$1,553 each. That is a savings of over \$8,440 each!

When funding ended, 90 percent of the Problem Gamblers in treatment were forced to drop out. They could not afford to continue. How many of those clients will resume their gambling at society's expense?

The Problem Gambling Treatment Program worked! It helped Problem Gamblers and their families stay together. It helped get Problem Gamblers off the unemployment lines and back to work — as taxpaying citizens. It saved money.

So, why was it cut?

The full Evaluation Report and a summary are available on the WSCPG website at: www.wscpg.org.

CONCLUSIONS FROM THE PROGRAM

- Treatment is effective in addressing Problem Gambling since two-thirds of the clients significantly improved.
- Some treatment is better than no treatment; even clients who dropped-out showed some improvements.
- There was a significant reduction in financial problems, illegal behavior, family conflicts, & there were improvements in mental health and life skills.
- It can be assumed that client improvements resulted in reduced costs to society through reduced bankruptcy, reduced family breakup, reduced legal costs, and job retention – Treatment saves money.
- Subsidized treatment is necessary for most clients as demonstrated by the 90% drop-out rate immediately after funding cuts.

TESTIMONIALS FOR THE PROBLEM GAMBLING TREATMENT PROGRAM

"I got out of jail in a nightgown with pouring rain. I walked around and felt so low I wanted to commit suicide. I found a phone number... and called... I am going through the state pilot program..." It "... saved my life..."
Faye

"I have over the course of several years sought out whatever help was available....My insurance wouldn't help with any of the cost. I am very hopeful now that I finally have the opportunity to find the help I have sought out and needed for several years."
Jackie

"...My gambling losses exceeded \$200,000. I also lost my job, seriously contemplated suicide and nearly lost my home and family... I voluntarily called the 1-800-547-6133 number and was referred to... one of the 24 counselors... I receive[d] professional counseling specific to my gambling addiction... The help I received in that professional environment has been instrumental in ...stopping all gambling, and secondly, my abstinence. Of equal significance is the impact that counseling had on my ability to return to work."
Ely

A LETTER FROM THE NEW WSCPG PRESIDENT

What hope exists for that portion of the population of Washington State who are or will become pathological (compulsive) gamblers? What hope exists that the various interested groups, such as government, tribal and non-tribal gaming interests, the treatment and recovering communities can and will work together to stem the tide of this devastating problem? What hope exists that the Washington State Council on Problem Gambling (WSCPG) will continue to exist and to be able to continue providing its traditional services such as a toll free help line, public awareness, training for treatment professionals, youth training, among others?

These are the issues facing the WSCPG today. These same issues have been at the forefront of the WSCPG's work ever since it came into being. However, the outlook today is disconcerting at best and downright dismal at worst. Funding for the WSCPG from all sources is down, the State of Washington's foray into public funding for the treatment of problem gamblers ended after a one year pilot project, and more and more cities and counties are seeing gambling as the answer to budgetary problems without also taking measures to alleviate the problems caused by the ever increasing legal means of gambling.

Much of the time the best interests of the divergent groups making up the gaming industry are at odds with each other. In the area of problem gambling, that is not the case. No one benefits from compulsive gambling. Families fall apart, people lose jobs, commit crimes, seek public dollars, and generally go from being productive members of society to very needy individuals. Governments, who are trying to increase revenues

through gambling, end up paying out more dollars in unemployment benefits, assistance to families and individuals, court costs and other associated dollars. Gaming establishments have to deal with bad checks, increased criminality, reputations for causing but not dealing with problems.

I know first hand of what I speak. Let me introduce you to the newest President of the WSCPG. For most of my life I was an active problem gambler. From childhood all bets I made were excessive and an inordinate amount of my time was spent on gambling. Despite this affliction, I became a well educated and fairly prominent member of society. In the early 1980s gambling took much greater control of my life and things spun completely out of control. I lost relationships, lost all financial means and goods and became an antisocial person living only for the next bet. During that time I was also involved in the gaming industry, at one point becoming the manager of one of the largest card rooms in the world. I have seen problem gambling from many sides. Since 1996 I have not gambled at all and since about 1999 have been actively involved with the WSCPG. In August of this year I was elected President after our extremely active and competent Frank Miller stepped down from that role. The Council owes Frank a great debt for his past and continuing efforts on our behalf.

My personal philosophy is totally in line with that of the Council. I am not anti-gambling. The fact that there is a minority of people who, like me, cannot enjoy the recreation of gambling without having serious consequences does not mean that gambling should be made illegal, or that it is immoral or that anyone other than the individual is responsible for his/her actions. However, those who benefit from gambling have a

responsibility to do whatever they can to alleviate the social problems caused by it.

Getting back to the present picture, is all bleak? I think not. The Board of Directors of the Council is now larger and more diverse than ever before. We have just added as a member Ruby Takushi, PhD, a licensed psychologist in private practice. We welcome the addition of Ruby who has been working hard in support of the Council's activities even before she joined the BOD. The Council is in the process of seeking additional funding from the Gambling Commission for the furtherance of trainings we can and will provide to schools, professionals, and other venues. Several gaming establishments are continuing their financial support of our mission. Overall, however, the Council's revenues have decreased dramatically. We need the continuing and increasing financial support of our entire constituency. Now is the time that government, tribal gaming and non-tribal gaming interests, and trade associations must come together in showing understanding of the problem and support of the solution.

WSCPGE SERVICES CRUCIAL TO THE STATE

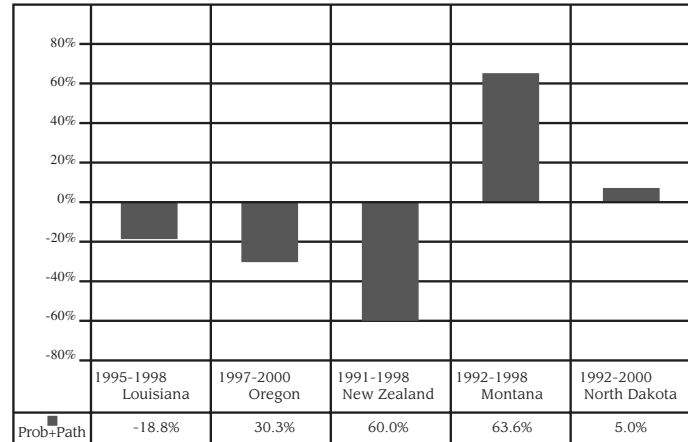
As gambling expands in Washington State, the work of the WSCPGE becomes more and more important. Addressing Problem Gambling can keep Problem Gambling from increasing. In fact, evidence suggests that with the proper programs the rate of Problem Gambling can be reduced, even when gambling is expanded.

Studies comparing the rates of Problem Gambling have found that states and nations with good, comprehensive programs addressing Problem Gambling have seen a reduction in rates.

In the graph below, legal gambling expanded in each case. However, those with comprehensive programs — Louisiana, Oregon, and New Zealand — reduced their Problem gambling rates. Those with few programs — Montana and North Dakota — saw increased rates.

If a comprehensive program to address Problem Gambling — including Public and Youth Awareness, Helpline Services, Professional Training, and Treatment — were fully funded, Washington State would certainly see reductions also.

Comparing Changes in Magnitude of Problem Gambling in Five Jurisdictions*



*Problem and pathological gambling is defined as endorsing three or more items on the current South Oaks Gambling Screen.

**Provided by Rachel Volberg, Ph.D.

Mark Your Calendars

Problem Gambling Awareness Week March 8-15, 2004

Problem Gambling Awareness Week will be centered on increasing awareness among family members and primary care health care providers and various events will occur both within Washington State and across the nation. The WSCPGE is working with the Washington State Lottery and their public relations firm, Publicis, to create a series of public awareness events and strategies to continue to build on the success of last year's endeavors.

Emphasis will be on media exposure through print and radio/TV public service announcements, billboard advertising and appearances on local and statewide news programs. Providers will again be offering free problem gambling screenings. Call the Helpline, 1-800-547-6133, for more information. Efforts are being made to schedule orientation seminars with mental health, alcohol and drug and primary care treatment centers.

The WSCPGE will be hosting a gaming industry roundtable and fund raising dinner during Problem Gambling Awareness Week. A special emphasis will be to continue the collaborative relationship between the industry, governmental and legislative agencies, treatment providers and the recovering community.

If you or your agency would like to participate in this year's Problem Gambling Awareness week, please call the Helpline. Various informational kits will be available and awareness presentations can be scheduled in advance. If you would like to support this effort we look forward to working with you.

WSCPGE News Brief

Washington State Council on
Problem Gambling
P.O. Box 55272
Seattle, WA 9855-0272

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If you or someone you
know has a gambling
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AMENDATORY SECTION Administrative Order #428 Effective April 17, 2004

WAC 230-20-059 Minimum cash flow requirements for bingo games--Contributions to stated purpose--Sanctions. Bingo shall be conducted only as a social pastime or for fund-raising to support the stated purpose(s) of a charitable or nonprofit organization. Organizations licensed to conduct bingo games shall comply with the following procedures and limitations:

Contributions.

(1) To ensure that organizations licensed to conduct bingo games meet the intent of RCW 9.46.010 and provide funds adequate to promote charitable and nonprofit programs, such organizations shall not allow their bingo operation to award prizes or pay expenses to conduct bingo games that are excessive and all capital expenditures for the bingo operation that exceed six thousand dollars shall be specifically approved by the governing board.

An organization licensed to conduct bingo games shall ensure that the adjusted cash flow from the bingo operation available for its charitable and nonprofit programs is at least the following amount during each calendar ~~((quarter))~~ year:

(a) For gross receipts above ~~(((\$375,000))~~ \$1,500,000 up to ~~(((\$625,000))~~ \$2,500,000 - 3% of gross receipts over ~~(((\$375,000))~~ \$1,500,000;

(b) For gross receipts above ~~(((\$625,000))~~ \$2,500,000 up to ~~(((\$875,000))~~ \$3,500,000 - ~~(((\$7,500))~~ \$30,000 plus 4% of gross receipts over ~~(((\$625,000))~~ \$2,500,000;

(c) For gross receipts above ~~(((\$875,000))~~ \$3,500,000 up to ~~(((\$1,125,000))~~ \$4,500,000 - ~~(((\$17,500))~~ \$70,000 plus 5% of gross receipts over ~~(((\$875,000))~~ \$3,500,000; and

(d) For gross receipts above ~~(((\$1,125,000~~ \$30,000)) \$4,500,000 - \$120,000 plus 6% of gross receipts over ~~(((\$1,125,000))~~ \$4,500,000.

~~((Failure to meet the requirements of this subsection for any single calendar quarter shall not result in sanctions against the licensee.))~~ (e) If the licensee does not operate for a full year, the requirements shall be prorated based on full quarters operated.

Definitions.

(2) The following definitions shall apply to this section:

(a) "Gross receipts" shall mean the combined gross gambling receipts from bingo, pull-tab and punch board activities.

(b) "Adjusted cash flow from the bingo operation" shall mean the combined gross income of the bingo operation less all prizes and expenses, whether paid or accrued. For the purposes of computing expenses, depreciation or amortization, shall not be considered an expense of the bingo operation.

(c) "Bingo operation" shall mean bingo games and all associated activities conducted in conjunction with bingo games at the same location including punch boards, pull-

tabs, snack bar, retail sales activities, rental of the bingo premises and drawings authorized under WAC 230-20-242.

Sanctions for failing to maintain a positive adjusted cash flow.

~~(3) ((If a bingo licensee does not maintain a positive adjusted cash flow from the bingo operation during any two consecutive calendar quarters measured independently, it shall be deemed to be operating primarily for gambling purposes. In this event, the director shall summarily suspend the organization's bingo license.))~~ To ensure a licensee maintains a positive cash flow and is not operating primarily for gambling purposes, adjusted cash flow shall be measured quarterly. If a licensee does not maintain a positive cash flow from the bingo operation during any two consecutive calendar quarters, measured independently, the director shall summarily suspend the organization's bingo license.

Sanctions for failing to meet adjusted cash flow requirements - relief.

~~(4)(a) ((If a bingo licensee fails to meet the adjusted cash flow requirements of subsection (1) of this section when averaged over a period of any two consecutive calendar quarters, the licensee shall:~~

~~(i) Develop a plan to gain compliance;~~

~~(ii) Take immediate steps to reduce expenses and prizes paid and to increase income from all activities conducted in conjunction with the bingo game; and~~

~~(iii) Report the plan and action taken to commission staff no later than sixty days after the end of the period. Such report shall be in writing and signed by the president or chief operating officer.~~

~~(b) If a bingo licensee fails to meet the adjusted cash flow requirements of subsection (1) of this section when averaged over a period of any four consecutive calendar quarters, administrative action shall be taken to revoke the organization's bingo license.))~~ If a bingo licensee fails to meet the adjusted cash flow requirements of subsection (1) of this section for any calendar year, administrative action shall be taken to revoke the organization's bingo license: Provided, That if a licensee fails to meet the minimum adjusted cash flow requirements for any calendar year and has maintained a positive cash flow as required by subsection (3) of this section. The director shall automatically grant relief allowing a twenty-five percent reduction to the annual dollar amount of required adjusted cash flow in subsection (1) of this section, for the year in which the licensee is out of compliance;

(b) No organization granted relief under (a) of this subsection, shall be eligible to receive relief for any of the four calendar years following the calendar year for which the relief was granted; and

(c) Relief may be granted under (a) of this subsection for the calendar year beginning January 1, 2003.

AMENDATORY SECTION

WAC 230-40-823 ((House-banked card games--))
Financial audits and reviews required--House-banking. Each licensee operating house-banked card games ~~((with gross receipts in excess of five million dollars per year shall have their financial statements examined by a licensed, independent certified public accountant (CPA) for each fiscal year to evaluate the fairness of the presentation of the statements in conformity with generally accepted accounting principles. This examination shall be conducted in accordance with generally accepted auditing standards. A copy of the report and financial statements shall be submitted to the commission no later than one hundred twenty days after conclusion of the fiscal year. The director or the director's designee may extend the date for audit completion if a request is made by the licensee))~~ shall prepare financial statements covering all financial activities of the licensee's establishment for each business year. The following requirements shall apply:

Audited financial statements - gross receipts over three million dollars.

(1) Each licensee with house-banked card game gross receipts in excess of three million dollars for the business year shall engage an independent, certified public accountant licensed by the Washington state board of accountancy who shall audit the licensee's financial statements in accordance with generally accepted auditing standards.

Reviewed financial statements - gross receipts of one to three million dollars.

(2) Each licensee with house-banked card game gross receipts of one to three million dollars for the business year shall engage an independent, certified public accountant licensed by the Washington state board of accountancy who shall review the financial statements in accordance with the statements on standards for accounting and review services or audit the financial statements in accordance with generally accepted auditing standards.

Compiled financial statements - gross receipts of less than one million dollars.

(3) Each licensee with house-banked card game gross receipts of less than one million dollars for the business year shall engage an independent, certified public accountant licensed by the Washington state board of accountancy who shall compile the financial statements in accordance with the statements on standards for accounting and review services in accordance with generally accepted accounting principles, including all required footnotes or disclosures on an accrual basis of accounting.

Financial statement presentation.

(4) The financial statements must be presented in the following manner:

(a) Financial statements shall be submitted on a comparative basis: Provided, That the first year may be submitted for the current business year only; and

(b) Gross revenues from each licensed activity should be reported by activity and separate and apart from all other revenues.

Consolidated financial statements.

(5) Consolidated financial statements may be filed by commonly owned or operated establishments. These statements must include consolidated schedules presenting separate financial statements for each licensed card room location.

Change in business year.

(6) If a licensee changes its business year, they shall notify the director within thirty days. The licensee shall submit financial statements for the period covering the end of the previous business year to the end of the new business year.

Filing with the commission.

(7) A copy of the report and the financial statements shall be submitted to the director within one hundred twenty days following the end of the licensee's business year. The director may authorize a sixty-day extension if a licensee submits a written request explaining the need for the extension.

Effective date.

(8) This rule will be effective for business years ending on or after July 1, 2004.

Administrative Order #427 Effective July 1, 2004

AMENDATORY SECTION

WAC 230-40-120 Limits on wagers in card games. Social and public card room licensees shall not allow wagering limits set by the commission to be exceeded in any card game. The number and value of wagers in card games are limited as follows:

Nonhouse-banked card games.

(1) Poker:

(a) There shall be no more than five betting rounds in any one game;

(b) The maximum number of wagers in any betting round shall be four, comprised of an initial wager plus three raises; and

(c) The maximum amount of a single wager shall not exceed twenty-five dollars((-));

(2) Games based on achieving a specific number of points - each point shall not exceed five cents in value((-));

(3) An ante, except for panguingue (pan), shall not be more than the maximum wager allowed for the first betting round for any game. The ante may, by house rule, be made by one or more players, but the total ante may not exceed the maximum wager allowed for the first betting round. An ante, by house rule, may be used as part of a player's wager((-));

(4) Panguingue (pan) - the maximum value of a chip for a payoff shall not exceed ten dollars. An ante will not exceed one chip. Doubling of conditions is prohibited. Players going out may collect not more than two chips from each participating player((-));

House-banked card games.

(5) Licensees authorized to conduct house-banked card games shall not allow a single wager to exceed one hundred dollars, except that such licensees may allow a single wager of up to two hundred dollars on a limited number of tables as follows:

(a) Licensees authorized to operate five tables or fewer may operate one table at the two hundred dollar limit;

(b) Licensees authorized to operate from six to ten tables may operate two tables at the two hundred dollar limit; and

(c) Licensees authorized to operate more than ten tables may operate three tables at the two hundred dollar limit;

(6) A single wager may be made on each separate element of chance. In addition, for blackjack, an additional wager may be placed for doubling down or splitting pairs; and

(7) Bonus wagers for house-banked progressive jackpots shall not exceed one dollar. Bonus wagers with a predetermined prize amount based upon a separate element of chance within the same game shall not exceed the authorized maximum table limits as described in subsection (5) of this section.

Our Mission:
Protect the Public By Ensuring that Gambling Is Legal and Honest.

For Operational or Regulatory Questions, please call our field office closest to you.

Bellingham	(360) 738-6203	Spokane	(509) 329-3666
Everett	(425) 339-1728	Tacoma	(253) 471-5312
Kennewick	(509) 734-7412	Wenatchee	(509) 665-3300
Renton	(425) 277-7014	Yakima	(509) 575-2820

Headquarters – Lacey
(800) 345-2529 (360) 486-3440 TDD: (360) 486-3637

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Washington State Council on Problem Gambling
(800) 547-6133

Washington State Gambling Commission

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